

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-316-C - ORDER NO. 2000-817

OCTOBER 23, 2000

IN RE: Application of TTI National, Inc. for)	ORDER GRANTING
Approval to Transfer Subscribers and Assets)	MOTION FOR
of Minimum Rate Pricing, Inc., Parcel)	EXPEDITED REVIEW
Consultants, Inc., National Tele-)	AND APPROVING
Communications, Inc. and Discount Call)	TRANSFER OF ASSETS
Rating, Inc. to TTI National, Inc.)	

This matter comes before the Public Service Commission of South Carolina ("Commission") on the Application filed by TTI National, Inc. ("TTI" or the "Applicant") requesting Commission approval to transfer the subscribers and assets of National Tele-Communications, Parcel Consultants, Inc., Minimum Rate Pricing, and Discount Call Rating, Inc. (collectively, "Minimum Rate Pricing" or "MRP") to TTI National's service, and for confirmation of the Orders of the United States Bankruptcy Court. The Application was filed pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 1999) and the applicable regulations of the Commission. Subsequent to the filing of the Application, TTI requested expedited review and disposition of the Application.

TTI is an interexchange carrier authorized to offer intrastate services in South Carolina and in forty-seven other states, and is a wholly-owned subsidiary of WorldCom, Inc., a publicly traded company. Target Telecom, Inc. had obtained its authority in South Carolina in Docket No. 94-680-C, Order No. 95-1046. In Docket No. 96-147-C, Order No. 96-488, July 23, 1996, the Commission approved the Transfer of Assets and

Certificate of Authority from Target Telecom, Inc. to TTI National, Inc. In Docket No. 1999-305-C, Order No. 1999-631, September 7, 1999, the Commission granted approval for alternative regulation for TTI National's interexchange business services, consumer card, and operator services. TTI offers switched outbound ("1+"), toll free and calling card services, and currently serves more than 250,000 customers nationwide. TTI's services are marketed primarily to small business and residential customers.

On February 26, 1999, Minimum Rate Pricing, Inc., Parcel Consultants, Inc. and National Tele-Communications, Inc. each filed voluntary Chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the District of New Jersey. On November 3, 1999, Discount Call Rating, Inc. also filed its voluntary Chapter 11 petition in the same court. Minimum Rate Pricing, Inc., Parcel Consultants, Inc., National Tele-Communications, Inc., and Discount Call Rating, Inc. are collectively "Minimum Rate Pricing" or "MRP." As a result of, inter alia, the continued loss in value of MRP's assets, primarily as a result of attrition of MRP's customer base, MRP decided to sell substantially all of its assets pursuant to section 363 of the Bankruptcy Code, 11 U.S.C. §363, at a public auction.

On December 9, 1999, an auction was held at which TTI National and one other party made bids on MRP's assets, including, but not limited to all U.S. based long distance customer accounts which have selected MRP as their provider for outbound and inbound switched services and calling card services. Because TTI National's bid was found to be the highest and best offer for MRP's assets, the Bankruptcy Court entered an Order June 27, 2000, authorizing the sale of substantially all of MRP's assets, including

without limitation, MRP's customer base, to TTI national, free and clear of all liens, claims and encumbrances. TTI requests that the Commission confirm the Bankruptcy Court Orders and approve the transfer of customer bases and assets to TTI.

By letter dated September 21, 2000, the Commission's Executive Director instructed TTI to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which to file pleadings to participate in the docket. TTI filed Affidavits of Publication as proof that it had complied with the instructions of the Executive Director. No Petitions to Intervene, letters of protest, or comments were received by the Commission with regard to the instant Application

MOTION FOR EXPEDITED REVIEW

Subsequent to notice of the Application being published and after the return date expired with no intervention or opposition, TTI requested expedited review and disposition of the Application. Along with the Motion for Expedited Review, TTI filed verified testimony to support the Application. The matter was brought then to the Commission for consideration.

Upon consideration of TTI's request for expedited review, the Commission finds that expedited review should be granted. By its request, TTI waives its right to a formal hearing. The Commission finds that notice of the Application was properly afforded to the public and that no interested person sought to become a party to the proceeding. The Commission finds that procedural due process was afforded in this matter and further

finds that TTI made a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter

EXAMINATION OF THE APPLICATION AND VERIFIED TESTIMONY

The Bankruptcy Court's Sale Order authorized a management agreement whereby TTI National, through its designated operator, Asset Recovery Services, Inc., agrees to manage the MRP customer base pending regulatory approval from the Federal Communications Commission and state regulatory bodies. Once all required regulatory approvals are obtained: 1) TTI National will close on the sale; 2) MRP's customers will be transferred to TTI National's service; and 3) other assets purchased pursuant to the Bankruptcy Court Order will be transferred to TTI National.

By the Application, TTI seeks confirmation of the Orders of the United States Bankruptcy Court and approval to transfer the subscribers of National Telecommunications, Parcel Consultants, Inc., Minimum Rate Pricing, Inc., and Discount Call Rating, Inc. (collectively, "Minimum Rate Pricing" or "MRP") to TTI National's service. The result of the transaction is that TTI will provide services in South Carolina to the customers of MRP. In support of the Application, TTI filed the verified testimony of Leigh Ann Cox, Manager of Regulatory Affairs, WorldCom, Inc., the parent company of

TTI. Her business address is 500 Clinton Center Drive, Building 3, Third Floor, Clinton, Mississippi 39056.

According to the Application and the verified testimony of Ms. Cox, TTI is a New Jersey corporation and a wholly-owned subsidiary of WorldCom, Inc. TTI (under the name of Target Telecom, Inc.) was authorized to provide intrastate interexchange telecommunications services and operator services in South Carolina in Docket No. 94-680-C, Order No. 95-1046. In Docket No. 96-488, July 23, 1996, The Commission approved the Transfer of Assets and Certificate of Authority from Target Telecom, Inc. to TTI National, Inc. In Docket No. 1999-305-C, Order No. 1999-631, September 7, 1999, the Commission granted approval for alternative regulation for TTI National's interexchange business services, consumer card, and operator services.

TTI is requesting that the Commission permit it to transfer assets from MRP to TTI. Ms. Cox offers that MRP's main asset is its base of customers who currently receive long distance service from MRP. She further testified that MRP filed a voluntary Chapter 11 bankruptcy petition in the U.S. Bankruptcy Court for the District of New Jersey last year. The Court authorized an auction of MRP's assets. TTI was the successful bidder for MRP's assets at a public auction. TTI's purchase of the assets was contingent upon receiving any required regulatory approvals. Ms. Cox states that TTI desires to provide service to MRP's customers and that TTI intends to close on the sale and transfer MRP's customers to TTI's service once all regulatory approvals are obtained from the FCC and state commissions.

Additionally, after customers begin receiving TTI National's service, TTI National will send a "welcome letter" to the affected customers with information concerning TTI national's services and rates. The welcome letter will inform the customer that the customer should not be charged any fee by the local phone company as a result of the change to TTI National, and if any such fee is imposed, TTI National will issue a credit for such charge to the customer. Finally, the welcome letter will inform the customers should contact TTI National with questions concerning MRP service or billing.

The welcome letter will also provide the former MRP customers with an 800 number to assist them if they have any questions regarding their service. Ms. Cox asserts that the transition in service from MRP to TTI will include appropriate, actual notice to each affected customer, and that such notice will enable these customers to choose another carrier if they desire. She testified that MRP does not have the financial ability or personnel to continue to provide service or manage the customer base and it is quite likely that MRP's customers would experience a service interruption if the transfer of assets is not made in a seamless fashion.

Further, Ms. Cox testified that TTI is financially fit and qualified to assume control of the MRP base. Ms. Cox also offered that TTI serves more than 250,000 customers nationwide and that TTI's emphasis is in providing service primarily to small business and residential customers like the customers to be acquired from MRP. She said that approval of the transfer of assets is in the public interest and will provide uninterrupted service to MRP's customers in South Carolina.

Upon review and consideration of the Application, the verified testimony of Ms. Cox, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TTI is a New Jersey corporation whose parent company is WorldCom, Inc., a publicly traded company.
2. TTI was authorized to provide intrastate interexchange telecommunications services and operator services in South Carolina in Docket No. 94-680-C, Order No. 95-1046. In Docket No. 96-147-C, Order No. 960488, dated July 23, 1996, the Commission approved the Transfer of Assets and Certificate of Authority from Target Telecom, Inc. to TTI National, Inc.
3. In Docket No. 1999-305-C, Order No. 1999-631, dated September 7, 1999, the Commission granted approval for alternative regulation for TTI National's interexchange business services, consumer card, and operator services.
4. On February 26, 1999, Minimum Rate Pricing, Inc., Parcel Consultants, Inc. and National Tele-Communications, Inc. each filed voluntary Chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the District of New Jersey. On November 3, 1999, Discount Call Rating, Inc. also filed its voluntary Chapter 11 petition in the same court. Minimum Rate Pricing, Inc., Parcel Consultants, Inc., National Tele-Communications, Inc. and Discount Call Rating, Inc. are collectively "Minimum Rate Pricing" or "MRP."

5. MRP's assets continued to lose value primarily as a result of the attrition of MRP's customer base. MRP decided to sell substantially all of its assets pursuant to section 363 of the Bankruptcy Code, 11 U.S.C. §363, at a public auction.

6. An auction was held December 9, 1999, at which TTI National and one other party made bids on MRP's assets, including but not limited to all U.S. based long distance customer accounts which have selected MRP as their provider for outbound and inbound switched services and calling card services.

7. TTI National's bid was found to be the highest and best offer for MRP's assets. The Bankruptcy Court entered an Order June 27, 2000, authorizing the sale of substantially all of MRP's assets, including without limitation, MRP's customer base, to TTI National, free and clear of all liens, claims and encumbrances.

8. Upon approval of the FCC and appropriate state regulatory bodies, TTI will become the telecommunications provider for the customers formerly of MRP, and TTI will maintain its authority to operate in South Carolina as granted by the Commission by Order No. 95-1046 in Docket No. 94-680-C.

9. The asset transfer will be a seamless transaction for the customers subject to the transfer. Further, TTI will notify all affected customers of the transaction.

10. The transaction should enable TTI to continue to expand its operations, (2) enhance TTI's ability to do business while not altering the service it delivers to its South Carolina customers, and (3) enhance competition in the telecommunications market in South Carolina.

CONCLUSIONS OF LAW

1. TTI is experienced in providing telecommunications services and desires to expand its operations in South Carolina and elsewhere.

2. Based on the above Findings of Fact, the Commission hereby determines that the Application filed by TTI requesting Commission approval of the transfer of customer bases and assets will not adversely affect the public interest, and therefore, the Commission approves the requested asset transfer.

3. The Commission confirms the United States Bankruptcy Court for the District of New Jersey's Orders of June 27, 2000, authorizing the sale of substantially all of MRP's assets, including without limitation, MRP's customer base, to TTI National, free and clear of all liens, claims and encumbrances.

IT IS THEREFORE ORDERED THAT:

1. The Application of TTI for approval of a transfer of assets is hereby approved.

2. The Commission confirms the Bankruptcy Court Orders.

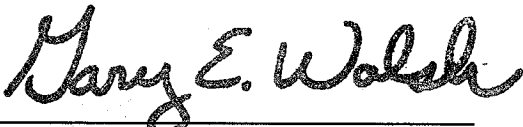
3. TTI is required to notify the Commission of the completion of the transactions referred to herein so that the Certificates of Public Convenience and Necessity held by the companies transferring assets may be canceled.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)